

The Link

Quarterly Activity Report
October -- December 2002



Introduction of File Net to the Department of Workers' Claims

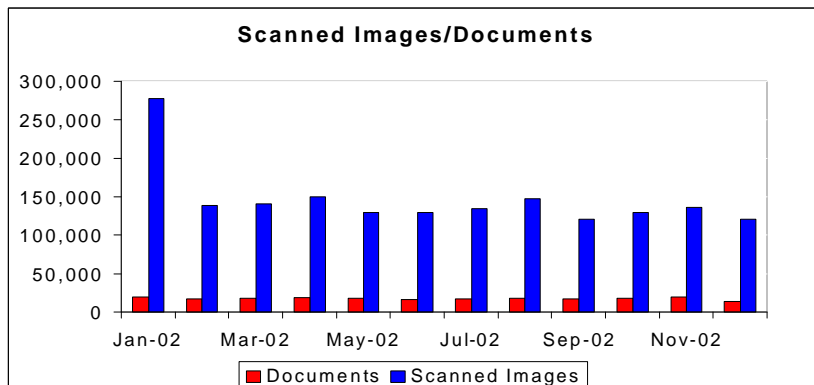
The Department of Workers' Claims went on-line with File Net Imaging on October 25, 2002. This debut was a result of a two-year cooperative effort between the Department of Workers' Claims, the Labor Cabinet, and vendor, Covansys.

Supervisor of the Imaging/Micrographics Section, Patricia Phillips coordinated the image project for the Department of Workers' Claims, performing analysis, system testing, and drafting user documentation. Ms. Phillips and her section worked with File Net Representatives and Labor Cabinet employees throughout this project to ensure the system met the needs of the department.



Patricia Phillips
**Supervisor, Imaging/
Micrographics Section**

The File Net Imaging System is browser based and gives the Department's users options that were not available on the AS 400. File Net Imaging provides the option to copy images into Word, enabling users the ability to e-mail documents to very specific personnel. Users may print documents by type, selected materials, and even entire files without having to retrieve and view the images. This is especially helpful when responding to open records requests. File Net's viewing capabilities can be customized depending on what the user wants to see. Annotations may be placed on a document highlighting areas of interest or masking information that is considered private and confidential.



The result of this two year project is a state-of-the-art image retrieval system which expedites the delivery of benefits by allowing multiple users in different locations the ability to simultaneously access claim files, as well as view and print the same documents. Through web integration, the Department is committed to expanding on-line services in the near future to our stakeholders.

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Quarterly



Statistics

QUARTERLY ACTIVITY

Lost Time First Reports of Injury	9,175	Dismissals	122
Claims Assigned	1,228	Re-openings (medical)	110
Pre-litigated Agreements	1,025	Re-openings (overruled)	16
Awards	257	Re-openings (sustained)	75
Agreements	590	Re-openings (motion docket)	116

CWP Claims Processing Activity

Claims Received and Temporarily Assigned	153
Consensus from Panel	3
Claims Received with No Consensus	23
Motions to Reopen/Reconsideration	19
Notice of Reconsideration	2

Distribution by Body Part (top ten)

Claims

Lower Back	85
Multiple Body Parts Including Systems	45
Knee	80
Disc	66
Shoulder	63
Wrist	60
Ear	50
Hand	31
Multiple Trunk	31
Ankle	27



FROIS

(First Report of Injury)

Lower Back	1,837
Multiple Body Parts Including System	1,125
Knee	731
Shoulder	523
Finger	503
Ankle	419
Hand	396
Wrist	383
Abdomen	288
Including Groin	
Foot	275

Quarterly



Statistics

DISTRIBUTION BY INDUSTRY

	CLAIMS	FIRST REPORTS
Agriculture, Forestry, Fishing	18	127
Mining	200	645
Construction	126	849
Manufacturing	288	2,056
Transportation, Communication, Public Utilities	117	732
Wholesale Trade	42	344
Retail Trade	124	1,427
Finance, Insurance and Real Estate	13	104
Services	250	2,351
Public Administration	29	472
Unclassified	21	68

Fatalities

Twenty-one work related fatalities were reported to the Department of Workers' Claims between October and December. Eight of these deaths occurred prior to this quarter.



The average age for fatalities this reporting period was 43 years old. The workers who died ranged in age from 19-79. The most common cause of death was motor vehicle accidents.

The Construction Industry accounted for five of the fatalities and the Manufacturing and Services sectors followed with four deaths each. The Wholesale Trade and Public Administration sectors each reported two deaths. Agriculture/Forestry/Fishing, Mining, Transportation/Communication/Public Utilities and Finance//Insurance/Real Estate all reported one death each. There were no fatalities reported from the Retail Sector.

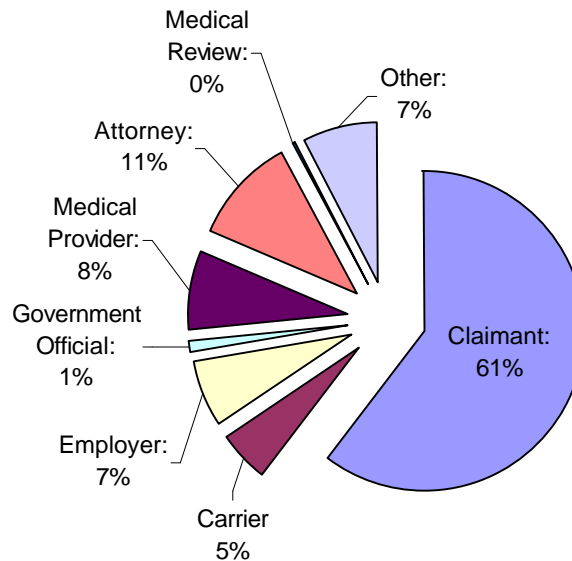
Division of Ombudsmen and Workers' Compensation Specialists Services

Workers' Compensation Specialists and Ombudsmen received over 3,374 requests for assistance during the last quarter of 2002.

The most common topics related to rights and procedures (2,014), questions related to claim status (525), and requests for forms (337).

In addition to constituent services, 402 requests for mediation were handled by the Division of Ombudsmen and Workers' Compensation Specialists Services. Successful resolution of 222 mediated cases was achieved between October and December.

SOURCES OF REQUESTS FOR ASSISTANCE



MEDICAL EVALUATIONS

During this quarter, there was a combined total of 49 medical evaluation reports received from the University of Kentucky and University of Louisville medical schools. Additionally, the Department's medical scheduling staff received 56 claims to be scheduled for evaluations at one of the university's medical schools.

Of the 56 claims to be scheduled, 30 involved hearing loss and 16 were injury related. There were four claims for fumes/chemicals and two cases relating to asbestosis.



Division of Claims Processing and Appeals

The Claims Assignment Section receives and processes all new applications for resolution of claim, and reopenings from the Frankfort Motion Docket. The claims assignment staff processed 1,495 new claims (203 were CWP claims), assigned 1,047 new claims and 125 reopenings to the judges for benefit review conferences.

The Case Files Section receives and processes motions to reopen, attorney fee motions, requests for widow's benefits, and miscellaneous motions in cases that have not been assigned to law judges, and prepares them for assignment to the Docket Section. The Case Files Section received 650 new motions and assigned a total of 760 motions.

The Docket Section prepares motions in cases that have not been assigned to a law judge and places them on the Frankfort Motion Docket for a ruling by the Chief Administrative Law Judge. Docket Section staff assigned 758 motions to the Frankfort dockets.

The Open Records Section responds to open records requests for information. Open Record staff processed 3,917 written requests, 2,902 pre-employment requests, and 24 requests from the Department of Fish and Wildlife. Monies received for copy charges for that period totaled \$16,193.60.

The Appeals Branch processed 108 first-time and ten-second time appeals during this quarter. The Workers' Compensation Board ordered final disposition on 22 claims. Board Chairman Dwight T. Lovan rendered 33 opinions, Jonathan Stanley rendered 27 opinions and John A. Gardner rendered 32 opinions. Thirty-five decisions were appealed to the Court of Appeals, which required 27 appellate records to be prepared and sent to the court by the Appeals Branch. Twenty-three claims were appealed from decisions by the Court of Appeals to the Supreme Court.

Administrative Law Judges

During this quarter, the Administrative Law Judges held 1,200 benefit review conferences. During these conferences, they presided over settlement negotiations, ruled on evidentiary disputes and identified contested issues. In addition, the Administrative Law Judges held 550 formal hearings and issued 457 formal decisions.

The Administrative Law Judges served as speakers at several seminars concerning the Kentucky's Workers' Compensation Program.



Office of General Counsel

Between October and December, the Office of General Counsel received 71 citation cases, six unfair claims practice cases, and five fraud cases with fines and penalties collected totaling \$62,285.82.

The Office was involved with continued activity relating to Green Coal/Green Coal Construction Escrow Account. There was continued litigation on Frontier and the New York Department of Insurance regarding Quaker Coal. Lodestar hearings on motions in bankruptcy court were also attended.

Division of Information and Research

The Division of Information and Research worked this quarter to finalize and publish the 2002 Workers' Compensation Guidebook. This Guidebook was intended to assist workers, employers and insurance representatives in understanding the workers' compensation program in the Commonwealth of Kentucky.

The book was designed in an effort to answer many of the most frequently asked questions concerning rights and responsibilities and the processes involved under the Workers' Compensation Act. The Guidebook is available by contacting our office at (502) 564-5550 or by visiting our website at <http://labor.ky.gov/dwc>.

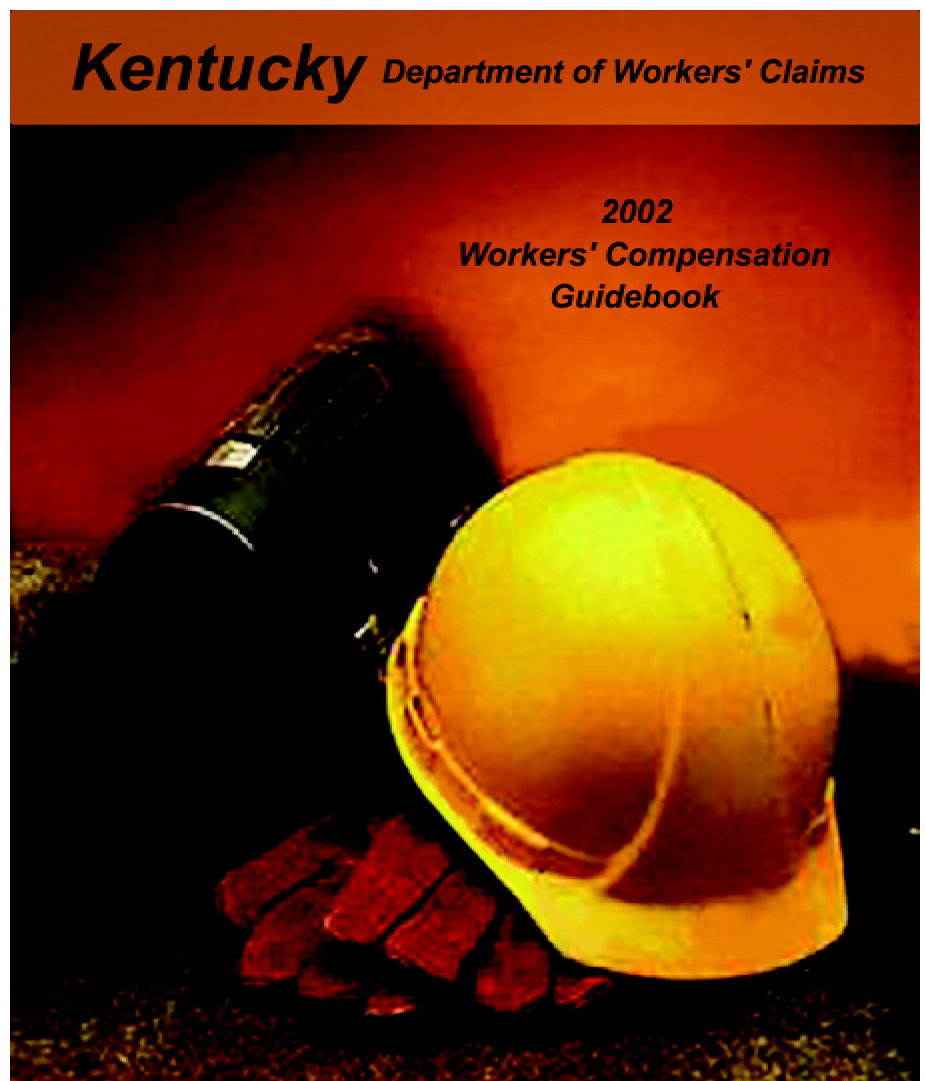
The Division also responds to request for information under Kentucky's Open Records Law. Data requests are submitted by attorneys, government agencies, health care representatives, the media and others.

Research results are used in a variety of ways to assist in claim filings, prepare for safety training programs and to update state and national data banks as well.

This quarter, the Division responded to several open records requests. Information was sought relating to the 1996 system reforms brought about by House Bill 1. Of particular interest was what effect the changing definition of permanent total disability (KRS 342.0011(11)(c)) has had

in relation to the number of subsequent awards for permanent total disability. Statistics were also gathered relating decisions rendered by the Workers' Compensation Board, Kentucky Court of Appeals, and the Kentucky Supreme Court and the number of decisions rendered for employee and for employers.

In accordance with the Department's information sharing agreement with the Mine Safety and Health Administration of the U.S. Department of Labor, injury and claim statistics on specific mining/coal companies were released during this quarter.



Division of Security and Compliance

Self-Insurance

During the second quarter of the fiscal year, the workers' compensation insurance environment and its associated economics continued to cause problems within the industry. Self-insured employers struggled to maintain adequate security in an evaporating bond market with several companies being forced to abandon self-insurance for the voluntary market. Many employers, unable to secure additional bonding, looked to letters of credit (LOCs) as the means for providing the DWC the necessary surety permitting a continuation of its self-insured status. Employers in the voluntary market found that the previous "deals" had disappeared as carriers no longer offered scheduled credits to obtain market share. On the contrary, many carriers applied scheduled debits increasing the premium to the employer. Those employers who experienced adverse claim development were impacted by not only the scheduled debits mentioned earlier but also by poor loss experience resulting in very large premium increases.

In an unusual turn of events, a small number of employers seeking shelter from the high cost of voluntary market coverage considered self-insurance as the solution. Most notably of these were two public school systems; Harlan County Board of Education and Pike County Board of Education. Upon receipt of what they believed to be unacceptable quotes for voluntary market coverage, both school systems explored the possibility of becoming self-insured. After a review of the submitted information and DWC's receipt of additional items deemed necessary due to the exemption from guaranty fund participation, both school systems were granted authority to cover its own workers' compensation obligations effective January 1, 2003.

Responding to current developments with bankrupt employers whose posted surety, having been transferred to the appropriate guaranty fund, may prove inadequate for payment of all benefits; the DWC has enhanced its personnel resources in the area of case reserve analysis. These resources will be utilized as the Department initiates programs designed to identify potential deficiencies in the case reserve data provided by the self-insured employer; and should such deficiencies exist, to establish adequate reserve amounts.

Enforcement

The Enforcement Branch plays a key role in the administration of the workers compensation laws in the Commonwealth. Compliance with the Workers' Compensation Act helps to assure prompt medical care for injured workers and timely delivery of income replacement in the event of work related disability. During the fourth quarter of this calendar year, Enforcement officers investigated 2,179 businesses to determine compliance with the Workers' Compensation Act. As a result of these and also previous investigations, 98 citations were issued to noncompliant employers and \$70,300 collected in penalties.

	First Quarter January – March	Second Quarter April – June	Third Quarter July – September	Fourth Quarter October - December
Investigations	2,929	2,625	2,613	2,179
Citations Issued	138	80	164	98
Penalties Collected	\$51,956	\$60,797	\$69,939	\$70,300

Division of Security and Compliance

Coverage

During the reporting period, the Coverage Branch maintained a “zero backlog” system until receiving several very large submissions in mid-December. As one of the larger group self-insurance funds switched POC providers, thousands of transactions were received over the course of a few days resulting in a backlog that required several days of processing to complete. Consequently, the processing of subsequent submissions was temporarily delayed creating a backlog of several days. However, due to an otherwise light December, the Coverage Branch has recovered and is currently operating with no processing backlog.

Transactions received and processed from all vendors for this quarter totaled approximately 54,000 with an overall acceptance rate of 85%. Kentucky Employers Mutual Insurance Company (KEMI), maintained the greatest overall acceptance rate of 94%.

Office of Administrative Services

The Office of Administrative Services, in conjunction with the Comptroller’s Office, provided travel regulation and voucher training to the Department of Workers’ Claims employees. As a result, travel vouchers have been submitted with fewer errors, which has decreased auditing and processing time.

Administrative Services began and completed phase one of the transition toward MARS self-sufficiency. Phase one was comprised of processing travel vouchers for final audit by the Labor Cabinet. Phase two will begin in mid-January and will encompass processing deposits and utility payments to the Labor Cabinet for final audit.

Administrative Services implemented several new procedures to assure compliance with Governor’s Executive Order 2002-1334.



This agency does not discriminate on the basis of race, color, national origin, religion, age or disability in employment or provision of services.

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